

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 USIA-06 AID-05 EB-07 NSC-05
EPG-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00
COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03
LAB-04 SIL-01 PA-01 PRS-01 L-03 /086 W
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FM AMCONSUL ZURICH

TO SECSTATE WASHDC 2517

INFO RUQMGU AMEMBASSY ANKARA 014

AMEMBASSY ATHENS

AMEMBASSY BERN

AMEMBASSY NICOSIA

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EO 11652: N/A

TAGS: EFIN, IMF, SZ, TU

SUBJ: SWISS BANKER'S VIEW ON TURKEY

1. IN DISCUSSIONS WITH SWISS BANKERS IN THE LAST SEVERAL DAYS, THE CREDITWORTHINESS OF TURKEY HAS OFTEN ARisen AS A TOPIC OF CONVERSATION. WHILE THEIR VIEWS MAY OFFER NO SURPRISES, WE FEEL IT MAY BE OF INTEREST TO REPORT WHAT TWO ZURICH BANKERS HAVE TOLD THE CONGEN COMMERCIAL OFFICER IN SEPARATE CONVERSATIONS.

2. ONE BANKER SAID THAT THE TURKISH GOVERNMENT HAD APPROACHED NEARLY EVERY BANK IN ZURICH SEEKING SHORT-TERM CREDITS AND HAD BEEN TURNED DOWN. THE REASON FOR THE REJECTION WAS THAT, IN THE LAST SIX WEEKS, LETTERS OF CREDIT ISSUED THROUGH THE TURKISH CENTRAL BANK HAVE NOT REPEAT NOT BEEN COVERED IN A TIMELY FASHION -- A SIGN THAT THE TURKS ARE HAVING SERIOUS FOREIGN EXCHANGE PROBLEMS.

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3. ANOTHER OFFICIAL, FROM ONE OF THE BIG THREE SWISS BANKS, SAID THAT HE REGARDS TURKEY AS A "BORDERLINE CASE" AND "LIKELY TO FALL INTO A MORATORIUM" SITUATION. HE ADDED THAT, NOW THAT THE TURKISH ELECTION HAS TAKEN PLACE, THE INTERNATIONAL BANKING COMMUNITY IS WAITING FOR THE IMF TO STEP IN AND PROVIDE THE NECESSARY

FINANCING TO GET THE TURKS THROUGH THE PRESENT
SQUEEZE. UNTIL SUCH ACTION TAKES PLACE, NO
SWISS BANK WILL LOAN MONEY TO THE TURKS.
NELSON

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Message Attributes

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Sent Date: 08-Jun-1977 12:00:00 am
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